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August 13, 2008

Kenneth S. Fleck, Manager of Geology and Environmental Affairs
Energy West Mining Company
P.O. Box 310
Huntington, Utah 84528

Subject: Letter Of Intent to Conduct Minor Exploration, PacifiCorp, Deer Creek Mine, C/015/018, Task ID #3012, Outgoing File

Dear Mr. Fleck:

On Thursday, July 10, 2008, the Division received an application from PacifiCorp to modify the 2008 exploration plan by moving drill hole 2008-2 to a different location. (The Permittee notified the Division of the proposed change by e-mail on July 8.) Anticipated drilling date was July 14, 2008, the following Monday, not allowing the Division time to adequately review and approve the application before the drilling was to be done. The above-referenced amendment is conditionally approved upon the Permittee agreeing to comply with the requirements of the following Permit Conditions set forth below, in accordance with the requirements of:

R645-200-230, Prior to conducting minor exploration, the Division must receive concurrence from U. S. Forest Service.

R645-202-232, Prior to conducting minor exploration, the applicant must receive Special Road Use Permits from the U. S. Forest Service.

R645-202-234, The applicant must show necessary proof of obtaining water rights to conduct drilling in the exploration area.

If you have any questions, please feel free to call me at (801) 538-5262 or Stephen J. Demczak at (435) 613-3732.

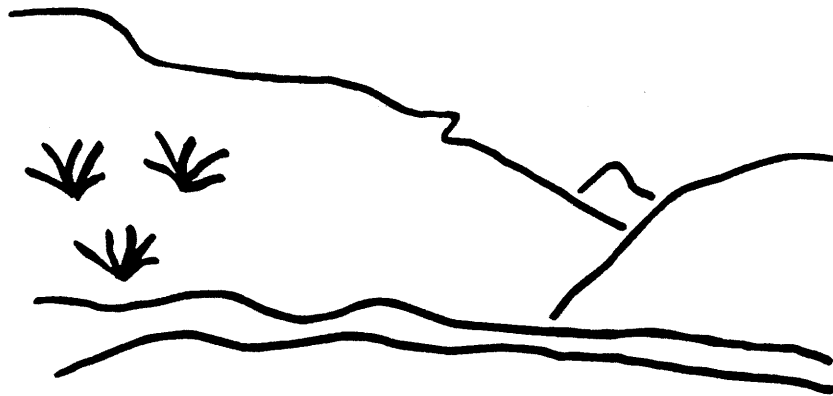
Sincerely,

James D. Smith
Permit Supervisor

an
Enclosure
cc: Price Field Office
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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Deer Creek Mine
Notice of Intent to Conduct Minor Coal Exploration
C/015/0018
Task ID #3012
Minor Exploration Analysis and Findings
August 13, 2008

TABLE OF CONTENTS

INTRODUCTION	1
SUMMARY OF OUTSTANDING DEFICIENCIES	1
SUMMARY OF PERMIT CONDITIONS.....	1
COAL EXPLORATION.....	2
SCOPE AND RESPONSIBILITIES	2
REQUIREMENTS FOR NOTICE OF INTENTION TO CONDUCT MINOR COAL EXPLORATION.....	2
COMPLIANCE DUTIES	3
OPERATIONAL STANDARDS.....	3
Biology.....	3
Roads.....	4
Topsoil	4
Diversions of Overland flows and streams	4
Hydrologic Balance	5
Acid- or toxic forming materials.....	5
RECLAMATION STANDARDS	6
Approximate original contour.....	6
Boreholes	7
Facilities and Equipment.....	7
PUBLIC AVAILABILITY OF INFORMATION.....	7

TABLE OF CONTENTS

EXPLORATION TECHNICAL ANALYSIS

EXPLORATION TECHNICAL ANALYSIS

INTRODUCTION

Energy West received approval to conduct a helicopter-assisted minor coal exploration drilling during the year 2008. The Permittee has approval to core-drill four holes by using this method. The Permittee is requesting a change in location of drill hole 2008-2 to better delineate splitting of the Blind Canyon Seam. The new location will be on an old fire/drill road. This road was reclaimed in the early 80's.

This is an addendum to Task #2886.

SUMMARY OF OUTSTANDING DEFICIENCIES

The Technical Analysis regarding the proposed permit changes is not complete at this time, pending submittal of additional information by the Permittee and further review by the Division, to address outstanding deficiencies in the proposal. A summary of those outstanding deficiencies is provided below. Additional comments, concerns, and deficiencies may also be found within the analysis and finding make in the Draft Technical Analysis which have not been presented in this summary. Upon finalization of this review, any outstanding deficiencies will be evaluated for compliance with the regulatory requirements. Such deficiencies may be conditioned to the requirements of the permit issued by the Division, result in denial of the proposed permit changes, or may result in other executive or enforcement actions as deemed necessary by the Division at that time to achieve compliance with the Utah Coal Regulatory Program.

Accordingly, the permittee must address those deficiencies as found within this Draft Technical Analysis and provide the following, prior to approval, in accordance with the requirements of:

SUMMARY OF PERMIT CONDITIONS

As determined in the analysis and findings of this Technical Analysis, approval of the plan is subject to the following Permit Conditions. The applicant is subject to compliance with the following Permit Conditions and has committed to comply with the requirements of these conditions as referenced in the approved Permit.

Accordingly, the permittee has committed to comply with the requirements of the following Permit Conditions, as specified, and in accordance with the requirements of:

R645-200-230, Prior to conducting minor exploration, the Division must receive concurrence from U. S. Forest Service.

R645-202-232, Prior to conducting minor exploration, the applicant must receive Special Road Use Permits from the U. S. Forest Service.

R645-202-234, The applicant must show necessary proof of obtaining water rights to conduct drilling in the exploration area.

This Notice of Intent is recommended for approval with the above conditions attached and deficiencies are met.

COAL EXPLORATION

Regulatory Reference: R645-200.

SCOPE AND RESPONSIBILITIES

Regulatory Reference: 30 CFR 772.1; 30 CFR 772.10; 30 CFR 772.11; R645-100-400; R645-200-100; R645-200-200; R645-201-100.

Analysis:

PacifiCorp has proposed to conduct minor exploration by drilling drill hole 2008-2 within the Mill Fork Coal Lease ML-48258 in the year 2008.

The Permittee has committed to comply with the requirements of R645-200 through R645-203.

This minor coal exploration will be conducted on Utah State Coal Lease ML-48258 and the United States Forest Service administers the surface land; therefore, 43 CFR Part 3480-3487 does not apply.

Findings:

The Permittee has met the minimum requirements of this section.

REQUIREMENTS FOR NOTICE OF INTENTION TO CONDUCT MINOR COAL EXPLORATION

EXPLORATION TECHNICAL ANALYSIS

Regulatory Reference: 30 CFR 772.10; 30 CFR 772.11; R645-100-412; R645-201-200.

Analysis:

Coal Rule R645-201-221 requires the applicant to give name, address, and telephone number of the applicant's representatives, who will be present at and responsible for conducting the exploration operations. This information has been submitted in the Notice of Intent, Page 2.

R645-100-400, R645-200-100, R645-200-200, and R645-201-100; Energy West Mining has given a Notice of Intention to Conduct Minor Coal Exploration with a narrative and maps describing the exploration area and indicating where the exploration will occur for the new location of drill hole 2008-2. The Permittee will transport drilling equipment, materials, and personnel by helicopter. The drill sites will be relatively level (30 percent slope or less). There will be no removal of vegetation such as grasses and trees, but deadfall and some taller shrubs may be removed.

The drill site will not be greater than 40 feet by 40 feet area. Brattice or other similar material will be placed on the ground beneath the drill rig. Minor digging, using hand tools may be necessary to level the drill rig using wood block or other materials.

A maximum of twenty pounds of coal will be removed from drill hole 2008-2. This will be achieved by drilling a three-inch diameter hole. Upon completion, the drill hole will be sealed with cement from the bottom of the hole to ground level.

Findings:

The Permittee has met the minimum requirements of this section.

COMPLIANCE DUTIES

Regulatory Reference: 30 CFR 772.13; R645-202.

OPERATIONAL STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-100.

Analysis:

Biology

R645-202-200, Page 2 of the application includes a commitment to comply with the

performance standards and conditions stated in the approval of task # 2944 and any associated Forest Service stipulations. Volume 12, Chapter 9, pages 3-1 through 3-5 and map, MFS1821D of the MRP describe the vegetative communities within the relocated drill site location.

An evaluation of the sensitive plant species within the Mill Fork Lease area is provided for on pages 3-3 and 3-4 of the MRP. Page 3-5, Paragraph 2 includes a reference to personal communication with Bob Thompson, Biologist for the Manti La-Sal National Forest. According to Mr. Thompson there are no T&E plant species within the Mill Fork lease area. Volume 12, Biology, Chapter 9, page 3-9, Paragraph 2 includes a reference to "*Environmental Assessment reports*", for the T&E animal species. The report is an Environmental Assessment, (EA), prepared by the Manti-La Sal National Forest personnel for the Mill Fork Lease by Application, (LBA), #11. Section C, "*Wildlife*", pages III-12 through III-14 provides an analysis of the wildlife species within the Mill Fork Lease area. According to the information there are no Threatened or Endangered wildlife species within the proposed Mill Fork Lease area. Also included with the application is a current list of Threatened and Endangered plant and animal species for the drill site locations, (Emery County).

As noted on pages 10 and 11 the Northern Goshawk is a "*management indicator specie*" for the Manti-LaSal National Forest. Forest Service Biologists have identified two territories associated with previous exploration drilling activities. They are identified on the 2007 raptor locations, flight path, and staging area map. The proposed flight paths are located such that they should not impact the birds or their territories.

Roads

PacifiCorp will use only existing roads for this project no new roads will be constructed. The applicant of the Notice of Intent will be using US Forest Service roads for staging areas of heavy equipment. The US Forest Service will be notified 48 hours in advance of heavy equipment traveling on the road.

The applicant will be using U.S. Forest Development Roads #245 and #040 and #017. Prior to drilling, Energy West will obtain a permit for the use of these roads.

Topsoil

Topsoil will be separately removed, stored, and redistributed on areas disturbed by coal exploration activities. The method of drilling used by PacifiCorp will disturb a small amount of topsoil. The leveling of the drill rig and associated equipment may require a small amount of excavation. Brattice cloth is to be used to cover the ground to protect the topsoil and surface vegetation.

Diversions of Overland flows and streams

EXPLORATION TECHNICAL ANALYSIS

The applicant will not construct diversions or affect overland flows and streams. However, the applicant will be pumping water from streams for the drilling operation. The method is to lay an intake hose directly into the stream and pump the water to the drill site. The pump will be located near the stream. Using this method will not disturb the stream.

PacifiCorp will obtain the necessary permissions and water rights actions to take water for drilling from local drainages. A temporary exchange application will be filed to State of Utah, Division of Water Rights. The amount of water required for the project is estimated at 80,000 gallons for the entire drilling project or 40,000 gallons per hole.

Hydrologic Balance

The minor exploration project will have minor surface disturbance. The disturbance is limited to leveling the rig and associated structures. There will be no construction of a drill pad or impoundments; therefore, the impact on the hydrologic balance will be minimal, if any.

Acid- or toxic forming materials

Groundwater is not anticipated. However, if ground water is present it will be reported to SITLA, USFS, and DOGM and a determination will be made regarding the modification of the drill hole to a monitoring well.

Upon completion, each drill hole will be completely sealed with cement/bentonite from the bottom of the hole to ground level. Enough cement will be mixed and pumped into the hole to completely seal the coal horizon. The remainder of the hole will be filled completely with bentonite slurry to within five feet of the surface. A cement surface plug will fill the top five feet. A brass monument marker will be placed in the top of the cement surface plug with the hole number and year.

Findings:

The Permittee has met the minimum requirements of this section in the R645 Coal Rules.

HISTORIC AND ARCHEOLOGICAL RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.12; R645-301-411.

Analysis:

A Class I literature search completed by Earth Touch Inc. for the relocated drill site was included in the previous 2 applications for the original 6 drill sites. SHPO concurrence for these

exploration projects was received by the Division by "E" mail correspondence on March 4th for two of the sites and April 18th, 2008 for the remaining four.

The application for the relocation of drill site # 2008-2 does not include a Cultural Resource Assessment. However the proposed location for the drill site is located on the trace of a reclaimed fire suppression access road.

Personal conversations with Dale Harber, (Geologist for the Manti La-Sal National Forest), Tom Lloyd, (North Zone Minerals Manager), and Charmane Thompson, (Archaeologist for the Manti La-Sal National Forest), on July 21, 2008 confirmed that a class III pedestrian survey would not be required in light of the pre-disturbance, low site potential, low impacts and steep topography.

Findings:

The information is adequate to meet the requirements of this section of the regulations.

RECLAMATION STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-200.

Analysis:

Approximate original contour

The drill site areas will be basically flat with no major excavation occurring. Minor shoveling may be needed for leveling the drill rig. The area will be at approximate original contour.

R645-202-200, Page 9 of the application includes a description of the vegetation in the canyon bottoms, south and north slopes. A reference to Volume 12, Biology Chapter , pages 3-1 through 3-5 describes the vegetative communities within the proposed drill site locations and a map, MFS1821D, depicting the vegetative communities.

Page 10 of the application refers the reviewer to Volume 12, Biology, for all information concerning T&E species. An evaluation of the sensitive plant species within the Mill Fork Lease area is provided for on pages 3-3 and 3-4. Page 3-5, Paragraph 2 includes a reference to personal communication with Bob Thompson, Biologist for the Manti La-Sal National Forest. According to Mr. Thompson there are no T&E plant species within the Mill Fork lease area. Volume 12, Biology, Chapter, page 3-9, Paragraph 2 includes a reference to "*Environmental Assessment reports*", for the T&E animal species. The report is an Environmental Assessment, (EA), prepared by the Manti-La Sal National Forest personnel for the Mill Fork Lease by Application,

EXPLORATION TECHNICAL ANALYSIS

(LBA), #11. Section C, "*Wildlife*", pages III-12 through III-14 provides an analysis of the wildlife species within the Mill Fork Lease area. According to the information there are no Threatened or Endangered wildlife species within the proposed Mill Fork Lease area. Also included with the application is a current list of Threatened and Endangered plant and animal species for the drill site locations, (Emery County).

Re-vegetation

All disturbed areas will be promptly vegetated. All areas disturbed will be seeded or planted with the same seasonal variety native to the areas disturbed. The application includes a seed mix to be used in reclamation of the drill sites as outlined on pages 13 and 14 of the application. The seed will be hand broadcast at the completion of each drill hole.

Boreholes

Groundwater is not anticipated. However, if ground water is present it will be reported to SITLA, USFS, and DOGM and a determination will be made regarding the modification of the drill hole to a monitoring well.

Upon completion, each drill hole will be completely sealed with cement/bentonite from the bottom of the hole to ground level. Enough cement will be mixed and pumped into the hole to completely seal the coal horizon. The remainder of the hole will be filled completely with bentonite slurry to within five feet of the surface. A cement surface plug will fill the top five feet. A brass monument marker will be placed in the top of the cement surface plug with the hole number and year.

Facilities and Equipment

All drilling equipment and materials will be removed from the drill area once drilling is completed. Sealing will start thereafter and all equipment and material for sealing drill holes will be removed when sealing is completed.

Findings:

The Permittee has met the minimum requirements of this section in the R645 Coal Rules.

PUBLIC AVAILABILITY OF INFORMATION

Regulatory Reference: 30 CFR 772.15; R645-203.

Analysis:

All information submitted to the Division under R645-200 will be made available for public inspection except as provided in R645-203-200.

Findings:

The Permittee has met the minimum requirements of this section in the R645 Coal Rules.

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